

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4261

To establish the Commission on International Coordination of Financial Regulation, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 1994

Mr. GONZALEZ introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To establish the Commission on International Coordination of Financial Regulation, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Commission on Inter-  
5       national Coordination of Financial Regulation Act”.

6       **SEC. 2. FINDINGS AND PURPOSE.**

7       (a) FINDINGS.—The Congress hereby finds the fol-  
8       lowing:

9               (1) Innovation in financial services and prod-  
10       ucts is outpacing the ability of regulatory bodies to

1 monitor and control the stability of the international  
2 financial system.

3 (2) The rapid growth and integration of inter-  
4 national capital markets has resulted in a volume of  
5 financial transactions that exceeds the resources of  
6 any single country and any single regulatory body.

7 (3) Although most countries have regulatory  
8 bodies that govern the operation of each such coun-  
9 try's financial markets and participants, the  
10 globalization of the financial markets requires better  
11 efforts to coordinate international regulation and su-  
12 pervision.

13 (4) Financial regulators in the United States  
14 pursue separate strategies for dealing with inter-  
15 national financial issues, including derivative finan-  
16 cial instruments, often with inadequate communica-  
17 tion among themselves and their foreign counter-  
18 parts.

19 (5) Given the increased globalization of finan-  
20 cial markets, it is imperative that regulators estab-  
21 lish an effective system of crisis management to deal  
22 with any shock to international financial markets.

23 (6) As market participants continue to globalize  
24 their operations, financial regulatory bodies must de-  
25 velop a coordinated approach to enforcement actions.

1           (7) Large differences in the operations of the  
2 world's major clearing and settlement systems, in  
3 terms of both efficiency and risk, pose a threat to  
4 the stability of the international financial system.

5           (8) Because financial assets directed through  
6 so-called "off-shore tax havens" are growing, such  
7 off-shore tax havens need to be identified and their  
8 role in the international financial system, the rea-  
9 sons for their growth, and the effect of their unre-  
10 stricted growth on the international financial system  
11 need to be fully examined.

12       (b) PURPOSE.—It is the purpose of this Act to pro-  
13 vide for the United States to play a leadership role in—

14           (1) ensuring a stable and efficient international  
15 financial system; and

16           (2) enhancing cooperation among financial reg-  
17 ulatory bodies around the world.

18 **SEC. 3. COMMISSION ON INTERNATIONAL COORDINATION**  
19 **OF FINANCIAL REGULATION.**

20       There is hereby established the Commission on Inter-  
21 national Coordination of Financial Regulation, an advi-  
22 sory committee under the Federal Advisory Committee  
23 Act, hereafter in this Act referred to as the "Commis-  
24 sion".

1 **SEC. 4. DUTIES.**

2 The duties of the Commission are as follows:

3 (1) Identify the various regulatory bodies and  
4 mechanisms that are used to regulate and supervise  
5 international capital markets, including mechanisms  
6 that governments employ to manage international  
7 capital market instability.

8 (2) Appraise the adequacy of the cooperation  
9 between the various regulatory entities and mecha-  
10 nisms referred to in paragraph (1).

11 (3) Propose solutions for improving cooperation  
12 among the various regulatory bodies and mecha-  
13 nisms, including a proposal, if feasible, for establish-  
14 ing a single international body or mechanism with  
15 responsibility for coordinating international regula-  
16 tion and promoting the stability of the international  
17 financial system.

18 (4) Identify the various enforcement methods  
19 which countries use to enforce laws and regulations  
20 relating to capital markets and the extent and ade-  
21 quacy of cooperation among regulators in taking en-  
22 forcement actions.

23 (5) Propose solutions for improving global en-  
24 forcement of laws and regulations relating to capital  
25 markets and other aspects of the international finan-  
26 cial system.

1           (6) Analyze the major clearing and settlement  
2           systems and the differences among those systems in  
3           terms of volume, risk, and efficiency and evaluate  
4           the impact each system has on the stability of the  
5           other major payments and settlements systems.

6           (7) Propose solutions for improving coordina-  
7           tion among the major clearing and settlement sys-  
8           tems, including programs to raise the quality of the  
9           weaker systems.

10          (8) Identify all so-called “off-shore tax havens”  
11          and analyze their role in the international capital  
12          markets and the reasons for their growth.

13          (9) Propose solutions for minimizing any ad-  
14          verse effect the growth of the “tax havens” may  
15          have on the international financial system, including,  
16          if warranted, a proposal for curbing the growth of  
17          such havens.

18 **SEC. 5. MEMBERSHIP.**

19          (a) NUMBER AND APPOINTMENT.—The Commission  
20          shall consist of 15 members as follows:

21               (1) The Chairman of the Board of Governors of  
22               the Federal Reserve System or the Chairman’s des-  
23               ignee.

24               (2) The Secretary of the Treasury or the Sec-  
25               retary’s designee.

1           (3) The Chairman of the Securities and Ex-  
2           change Commission or the Chairman's designee.

3           (4) 6 members appointed by the President.

4           (5) 3 members appointed by the Speaker and  
5           the minority leader of the House of Representatives,  
6           acting jointly, not more than 2 of whom may be  
7           members of the same political party.

8           (6) 3 members appointed by the majority leader  
9           and the minority leader of the Senate, acting jointly,  
10          not more than 2 of whom may be members of the  
11          same political party.

12          (b) QUALIFICATIONS OF APPOINTED MEMBERS.—  
13          The members appointed pursuant to paragraphs (4), (5),  
14          and (6) of subsection (a) shall be appointed from among  
15          individuals who—

16                (1) are specially qualified to serve on the Com-  
17                mission by reason of their education, training, and  
18                experience in international finance and business, ac-  
19                counting, currency transactions, the international  
20                payment system, trade matters, banking, or securi-  
21                ties; and

22                (2) have a broad understanding of the global  
23                economy.

24          (c) TERMS.—Members shall be appointed for the life  
25          of the Commission.

1 (d) INITIAL APPOINTMENTS.—The initial members of  
2 the Commission shall be appointed before the end of the  
3 30-day period beginning on the date of the enactment of  
4 this Act.

5 (e) VACANCY.—A vacancy on the Commission shall  
6 be filled in the manner in which the original appointment  
7 was made.

8 (f) REMOVAL.—An appointed member of the Com-  
9 mission may be removed only for malfeasance in office.

10 (g) QUORUM.—5 members shall constitute a quorum.

11 (h) CHAIRPERSON.—The President shall designate a  
12 chairperson of the Commission from among members ap-  
13 pointed under paragraph (4), (5), or (6) of subsection (a).

14 (i) MEETINGS.—The Commission shall meet at the  
15 call of the Chairperson or a majority of the members.

16 (j) POLICY ACTIONS.—No action establishing a policy  
17 or recommendation of the Commission may be adopted  
18 without the approval of at least 8 members.

19 (k) TRAVEL AND PER DIEM.—Members of the Com-  
20 mission shall be paid actual travel expenses and per diem  
21 in lieu of subsistence expenses in accordance with section  
22 5703 of title 5, United States Code.

23 **SEC. 6. DIRECTOR AND STAFF.**

24 (a) DIRECTOR.—The principal administrative officer  
25 of the Commission shall be a director who shall—

1 (1) be appointed by the Commission;

2 (2) be paid at a rate not to exceed the maxi-  
3 mum rate payable under section 5376 of title 5,  
4 United States Code; and

5 (3) serve on a full-time basis.

6 (b) STAFF.—

7 (1) IN GENERAL.—With the approval of the  
8 Commission, the director may appoint and fix the  
9 pay of such personnel as the director determines to  
10 be appropriate.

11 (2) APPLICABILITY OF CERTAIN CIVIL SERVICE  
12 LAWS.—The staff of the Commission shall be ap-  
13 pointed subject to the provisions of title 5, United  
14 States Code, governing appointments in the competi-  
15 tive service, and shall be paid in accordance with the  
16 provisions of chapter 51 and subchapter III of chap-  
17 ter 53 of that title relating to classification and Gen-  
18 eral Schedule pay rates.

19 (3) TEMPORARY STAFF.—With the approval of  
20 the Commission, the director may appoint such em-  
21 ployees as may be necessary to carry out the func-  
22 tions of the Commission for a period of not more  
23 than 1 year, without regard to the provisions of title  
24 5, United States Code, governing appointments in  
25 the competitive service, and without regard to the



1 provisions of chapter 51 and subchapter III of chap-  
2 ter 53 of such title, except that the rates of pay for  
3 such temporary staff shall not exceed the maximum  
4 rate payable under section 5376 of title 5, United  
5 States Code.

6 (c) EXPERTS AND CONSULTANTS.—With the ap-  
7 proval of the Commission, the director may procure tem-  
8 porary and intermittent services under section 3109(b) of  
9 title 5, United States Code at rates for individuals not  
10 to exceed the maximum rate payable under section 5376  
11 of title 5, United States Code.

12 (d) STAFF OF FEDERAL AGENCIES.—Upon the re-  
13 quest of the Commission, the head of any Federal depart-  
14 ment or agency may detail any of the personnel of that  
15 department or agency to the Commission to assist the  
16 Commission in carrying out its duties under this Act.

17 **SEC. 7. POWERS OF THE COMMISSION.**

18 (a) HEARINGS AND SESSIONS.—The Commission  
19 may, for the purpose of carrying out this Act—

20 (1) hold hearings, sit and act at times and  
21 places, take testimony, and receive evidence as the  
22 Commission considers appropriate; and

23 (2) administer oaths or affirmations to wit-  
24 nesses appearing before the Commission.

25 (b) OBTAINING OFFICIAL DATA.—

1           (1) IN GENERAL.—The Commission may secure  
2 directly from any department or agency of the  
3 United States information necessary to enable it to  
4 carry out this Act.

5           (2) PROVISION OF INFORMATION.—Upon the  
6 request of the Chairperson of the Commission, the  
7 head of any department or agency of the United  
8 States shall furnish that information to the Commis-  
9 sion.

10       (c) GIFTS, BEQUESTS, AND DEVISES.—

11           (1) IN GENERAL.—The Commission may ac-  
12 cept, use, and dispose of gifts, bequests, or devises  
13 of services or property, both real and personal, for  
14 the purpose of aiding or facilitating the work of the  
15 Commission.

16           (2) DEPOSIT AND DISBURSEMENT.—Gifts, be-  
17 quests, or devises of money and proceeds from sales  
18 of other property received as gifts, bequests, or de-  
19 vises shall be deposited in the Treasury and shall be  
20 available for disbursement upon order of the Com-  
21 mission.

22       (d) ADMINISTRATIVE SUPPORT SERVICES.—Upon  
23 the request of the Commission, the Administrator of Gen-  
24 eral Services shall provide to the Commission, on a reim-  
25 bursable basis, the administrative support services nec-

1    essary for the Commission to carry out its responsibilities  
2    under this Act.

3       (e) **MAILS.**—The Commission may use the United  
4    States mails in the same manner and under the same con-  
5    ditions as other departments and agencies of the United  
6    States.

7    **SEC. 8. REPORT**

8       (a) **REPORT REQUIRED.**—The Commission shall sub-  
9    mit a final report to the President and the Congress before  
10   the end of the 18-month period beginning on the date of  
11   the enactment of this Act.

12      (b) **CONTENTS OF REPORT.**—The report shall con-  
13   tain a detailed statement of the findings and conclusions  
14   of the Commission, together with the Commission's rec-  
15   ommendations for such legislative and administrative ac-  
16   tions as the Commission considers appropriate.

17   **SEC. 9. TERMINATION.**

18      The Commission shall terminate 30 days after sub-  
19   mitting the report pursuant to section 8.

20   **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

21      There is authorized to be appropriated for the fiscal  
22   years 1995 and 1996 not to exceed \$2,000,000 to carry  
23   out the purposes of this Act.

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